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C O N F I D E N T I A L SECTION 01 OF 04 NAHA 000067

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SUBJECT: DPJ SENSES USG FLEXIBILITY ON FRF RENEGOTIATION

CLASSIFIED BY: Raymond F. Greene, Consul General .

REASON: 1.4 (b), (d)

¶1. (C) Summary: The Hatoyama administration is working towards an early decision over implementation of the 2006 Futenma Replacement Facility (FRF) plan, but deep rifts remain between the Defense and Foreign Ministry leadership. Defense Minister Toshimi Kitazawa's September 25-26 visit to Okinawa has solidified his view that implementing the package as negotiated remains the best option for both Okinawa and the Alliance. Strong statements in favor of the current FRF plan from Okinawan leaders, including the Governor, have undermined the political argument within the DPJ government for revising the bilateral agreement. Nevertheless, Foreign Minister Katsuya Okada continues to harbor doubts over the cost and environmental impacts. Furthermore, senior Japanese officials say that he is confident the U.S. government will instead accept the merger of Futenma MCAS and Kadena Air Base, while continuing to implement the relocation of 8,000 Marines from Okinawa to Guam. Okinawan leaders have forcefully pressed back against the Kadena merger option, while Japanese bureaucrats have warned that the U.S. will not accept a delinking of the FRF and Guam moves. Both groups urge the U.S. to be clear on its position over FRF implementation during private meetings with Hatoyama Cabinet officials. End Summary.

¶2. (C) Senior Ministry of Defense (MOD), Foreign Ministry (MOFA), and Cabinet Office officials say that the Hatoyama government is intent on reaching a consensus on implementation of the Alliance Transformation package before the President visits Tokyo in November at the very latest. Foreign Minister Okada, Defense Minister Kitazawa, Okinawa Affairs Minister Seiji Maehara, and Chief Cabinet Secretary Hirafumi Hirano held their first joint meeting on October 2 in an effort to formulate a common position. Osamu Izawa, Foreign Policy Assistant to CCS Hirano, said that the ministers have decision-making authority on the issue -- as long as they agree, Prime Minister Hatoyama will go along with their recommendation. Izawa added that Hirano will then be charged with selling the decision to Democratic Party of Japan (DPJ) Secretary General Ichiro Ozawa and the two coalition partners, likely a tougher task than bringing the PM on board. The most immediate challenge, he added, will be to bridge the wide gap that has emerged between Defense Minister Kitazawa, who favors implementing the current package, and Foreign Minister Okada, who continues to harbor

doubts about both the contents of the package and the level of U.S. commitment to implementing it.

¶3. (C) MOD Parliamentary Vice Minister Akihisa Nagashima told the Consul General on September 30 that his ministry's focus now is on finding a quick way to back away from the DPJ's campaign pledges to reopen the realignment package. "We need to just get this FRF discussion over with and turn our attention to more positive-sum issues in the Alliance", he added. Nagashima said that the September 25-26 visit by Defense Minister Kitazawa (accompanied by Nagashima and top MOD bureaucrats) was critical to forming the MOD's position in support of the existing plan. He commented that Okinawan leaders made clear they want the Schwab FRF plan -- as the most pragmatic solution to the Futenma issue -- to proceed as scheduled and strongly oppose the "Kadena option" espoused by FM Okada and Okinawan Affairs Minister Maehara. Nagashima noted that he reversed his position on the Kadena option after meeting with Okinawan leaders, some of whom assailed him personally over his past support for collocating USAF and USMC aircraft at Kadena Air Base.

Internal Divisions

¶4. (C) MOD Defense Policy Bureau Director-General Nobushige Takamizawa confirmed to the Consul General on October 1 that Nagashima has had a change of heart on Kadena, but added that Nagashima has still tasked the Ministry to do a study on Kadena

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as a backup in case the Camp Schwab FRF plan fails to happen. Takamizawa said that Nagashima's concerns are fueled by the continued reluctance of Foreign Minister Okada to implement the current FRF plan. In internal meetings, Okada has cited both the negative environmental impact and cost, especially at a time when the DPJ is seeking to scale down major public works projects. In addition, Okada is convinced that the U.S. is flexible, especially if Japan were to offer a concession related to Afghanistan. Takamizawa said that Okada also believes that the proposal to draw down 12 USAF F-15s at Kadena will open the door to reconsidering the collocation of Marine aircraft there. MOFA Foreign Policy Bureau Deputy Director General Masafumi Ishii offered a similar assessment, adding that Okada seems confident he can get the U.S. to accept the Kadena merger in exchange for a continuation of the Maritime Self-Defense Force (MSDF) refueling mission in the Indian Ocean.

¶5. (C) MOFA U.S.-Japan Security Division Director Takei Funakoshi said that Okada's calculations are based in large part on input from Okinawan-elected People's New Party (PNP) Policy Chief Mikio Shimoji. He said Shimoji has assured Okada that 1) there are only 25 aircraft currently at Futenma MCAS, thus it would not impose a significant burden on the airfield; 2) there are senior U.S. officials who are sympathetic to the Kadena merger plan; and 3) the U.S. is willing to trade additional assistance in Afghanistan for concessions on the FRF. Funakoshi added that Okada has rejected assertions by bureaucrats that the U.S. will never accept delinking the FRF from the Marine Guam relocation, which the Hatoyama government has informally agreed internally to keep funding. "We tell him that there is no way Congress will fund Guam without the FRF," Funakoshi stated, "but he won't believe that until he hears it directly from the U.S.-side."

¶6. (C) Funakoshi said that, after Defense Minister Kitazawa's Okinawa visit, Okada now understands that the DPJ will pay a political price in Okinawa by pursuing the Kadena option. The impact would be mitigated, however, if the U.S. agreed to implement the other elements of the realignment package. For their part, local leaders are becoming increasingly concerned over the direction of DPJ thinking and the Hatoyama government's tin ear to local realities. During an October 3 public meeting with Governor Hirokazu Nakaima, Okinawa Minister Maehara stated that doubted that the FRF could be successfully completed and said that the DPJ government would study other options. Nakaima strongly insisted back that the Hatoyama government should implement the plan now in light of the willingness of Nago leaders to host the facility. Nago Mayor Yoshikazu Shimabukuro expressed exasperation to the Consul General over the DPJ's efforts to tamper with the Nago relocation plan, something he has personally worked towards for 13 years. ""After all that time and here we are just months away from success,"" he stated, ""and they are putting it all at risk for no reason." He added that ""no one around Kadena wants those aircraft, but we do -- this should be easy." Kadena Mayor Atsusane Miyagi separately echoed this sentiment, asserting that ""moving Futenma to Kadena isn't burden reduction, it is just burden reallocation.""

Sending a Clear Message

¶7. (C) Local press in Okinawa speculated that Maehara's confident public statements about changing the FRF plan reflected DPJ success in recent high-level consultations with

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the U.S. government. Under a front page headline ""Opening Pandora's Box,"" the Ryukyu Times on October 5 asserted that the U.S. government has signaled to Foreign Minister Okada a willingness to renegotiate the FRF. Reacting to this sort of media speculation, Okinawan leaders as well as MOFA and MOD officials have urged the U.S. government to lay down a firm marker with DPJ Cabinet officials on Kadena specifically and the FRF more generally. The Cabinet Office's Izawa said that the U.S. should not overestimate the ability of the new government to come to the right conclusion on its own. ""We are in the midst of a very chaotic policy process and ministers have very little time to digest complicated information,"" he added, ""it is important that senior U.S. officials be respectful, but very clear when it comes to your positions if you want them to make the right decisions." MOD Vice Minister Nagashima suggested to the Consul General that explicit U.S. statements over the problems with Kadena, including in public, are helpful in shaping the internal discussion.

MOD Seeking a Positive-Sum Solution

¶8. (C) Nagashima said that MOD is trying to find a way to shift the focus of discussions from changing past agreements to creating new momentum in the Alliance. ""We used the FRF to differentiate ourselves from the LDP [Liberal Democratic Party] during the campaign, but we know now this is too costly in terms of our relations with both the U.S. and Okinawa,"" Nagashima commented. He added that ""what we need to do instead is to

insert some positive-sum ideas to show that we are different. "" Nagashima said that he will push for a shift in public focus from base realignment to expanded roles, missions, and capabilities (RMC) for the SDF. ""We should also press for joint training between the GSDF and the U.S. Marine Corps to show the value of the Marine presence in Okinawa,"" he added. Nagashima highlighted these themes during a public symposium in Tokyo on October 1, stating that rather than getting wrapped up in renegotiating the FRF, the DPJ government should demand that we implement our past RMC agreements with equal vigor. Among a list of initiatives, Nagashima said that Japan should ""insist"" on the SDF's right to train and operate in Guam given the billions it is investing there for USMC facilities. Nagashima also suggested that the DPJ review LDP decisions that left MOD paying for most of a realignment bill that really should be funded out of the central budget.

¶9. (C) MOD's Takamizawa outlined a similar strategy he is pushing with the political leadership for keeping the FRF on track while allowing the DPJ to show progress on implementing past commitments to the public and coalition partners. ""We should compile a package that includes implementing the FRF, expanding joint training, training relocation measures within Okinawa, and starting a dialogue on environmental issues related to U.S. bases,"" he added. MOD Local Cooperation Bureau Director General Inoue separately emphasized to the Consul General that the environmental concerns raised by the base-hosting Governors like Kanagawa's Matsuzawa (DPJ) and Okinawa's Nakaima should not be dismissed out of hand. ""They are not seeking SOFA revisions,"" he continued, ""but rather practical transparency measures to address real public concerns over the impact of environmental accidents within base areas.""" DG Inoue noted that base-hosting governors are strong supporters of the realignment package, and potential allies in the effort to walk the DPJ down from their manifest. Takamizawa said that the U.S. side need not feel pressure to agree right away to any specifics if the Japanese side presents a ""package"" of initiatives to support FRF implementation. ""If the U.S. side just agrees to a process to discuss these issues, it will provide the DPJ significant political cover to continue the FRF.""

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Comment: Keeping Up the U.S. Front

¶10. (C) The DPJ government will be actively probing for U.S. red lines in the coming days so they can formulate at least a general policy direction ahead of the Defense Secretary visit later this month. They will likely focus on our level of flexibility on Kadena and willingness to delink the FRF from other elements of the realignment package. Advocates of the Kadena merger are calculating that the reaction from Okinawa to their plan will be tempered if the U.S. agreed to maintain the course on the Guam relocation and base consolidation. Maintaining clear linkages will significantly raise the political bar for the DPJ government to make any changes to the existing plan. More broadly, local Okinawan leaders and Tokyo bureaucrats have taken considerable political risks by endorsing the current FRF plan as the only viable option from an operational perspective. A clear confirmation from the U.S. side that this is indeed the case will help them make the case that the current plan is the best one for both the Alliance and for Okinawa.

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